



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

m/035/011

January 15, 1993

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Acting Director *L13*

FROM: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: Request for Board Approval, Amount and Form of Replacement Reclamation Surety, Kennecott Utah Copper, UCD Modernization Project/Copperton Concentrator, M/035/011, Salt Lake County, Utah

The Division seeks the Board of Oil, Gas and Mining's (Board) approval of a replacement surety for Kennecott Utah Copper's (KUC) UCD Modernization Project. Kennecott has changed surety companies and has provided the Division with a replacement reclamation surety bond and updated reclamation contract form. The form of surety is not changing, only the surety company (from Aetna Casualty & Surety Company to Safeco Insurance Company of America). The surety amount has been escalated from \$8,263,900 (1991 dollars) to \$8,980,000 (1998 dollars). Kennecott is in the process of acquiring a signed and dated surety bond *rider* that will become effective upon the Board's acceptance and approval of this replacement surety request.

The following information is attached to assist you in your review of this request:

1. project location map
2. executive summary
3. revised reclamation surety estimate
4. updated reclamation contract (FORM MR-RC)
5. replacement surety bond and rider (MR FORM 5)

Thank you for your time and consideration of this request.

jb
attachments
M035011.brd

UCD MODERNIZATION PROJECT

KENNECOTT LAND

BARNEYS CANYON
MINE

NORTH BC
SOUTH
MELCO
MINE

UCD MODERNIZATION PROJECT
COPPERTON
CONCENTRATOR

SOUTH BC
SOUTH

Copperton

BINGHAM PIT
& DUMPS

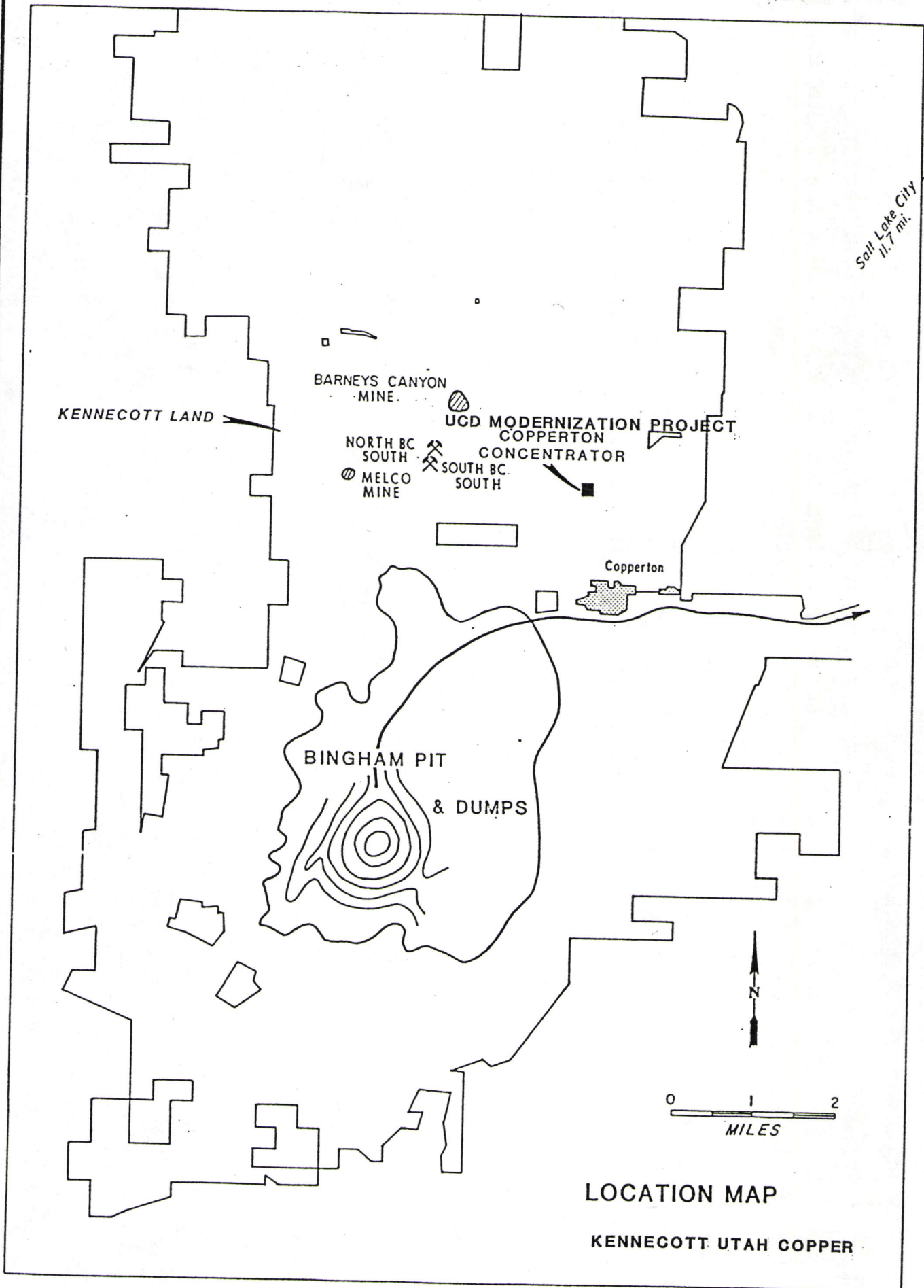
Salt Lake City
11.7 mi.

N

0 1 2
MILES

LOCATION MAP

KENNECOTT UTAH COPPER



DOGM MINERALS PROGRAM

Checklist for Board Approval
of
FORM AND AMOUNT OF SURETY

Prepared January 15, 1993

Company Name Kennecott Utah Copper
 Mine Name UCD Modernization Project
 File No. M/035/011

| Items | Provided | | Remarks |
|---|----------|----|---|
| | Yes | No | |
| Executive Summary | X | | Old version still in effect, no changes |
| Location Map | X | | |
| Reclamation Bond Estimate | X | | Escalated to 1998 dollars |
| Signed Reclamation Contract | X | | |
| Signed Power of Attorney/ Affidavit of Qualification | X | | |
| Bond/Reclamation Surety | X | | Replacement bond and rider (signed version forthcoming) |
| Surety Sign Off (Other State/Federal Agencies) | | X | Not applicable |
| | | | |
| | | | |
| | | | |
| | | | |

EXECUTIVE SUMMARY

Prepared January 15, 1993

Mine Name: UCD Modernization Project-Phase II, Grinding/Milling Plant, Ore Conveyor and Pipeline Construction Activities

I.D.No: M/035/011

Operator: Kennecott Utah Copper
P. O. Box 525
Bingham Canyon, Utah 84006-0525

County: Salt Lake
New/Existing: New Revision to
Existing Mine

Telephone: (801) 569-6555
Contact Person: Frederick Fox
Life of Mine: Unspecified

Mineral Ownership: Private
Surface Ownership: Private
Lease No.(s): None
Permit Term: Life of Mine

Legal Description: (of revision) Grinding Pit - SW1/4 Section 5 and SE1/4 Section 8 and Section 5, T3S, R2W, SLBM; Ore Conveyor - portions of Section 6, 7 and 18, T3S, R2W, SLBM; Pipeline corridor - portions of Section 5 and 6, T3S, R2W, Sections 6, 7, 8, 16, 17, 21, 28, 29 and 32, T2S, R2W, and Section 31, T1S, R2W, SLBM

Mineral(s) to be Mined: Copper/Molybdenum

Mining Methods: Typical surface strip mining techniques (shovel & truck)

Acres to be Disturbed: 163 Acres (Phase I), plus 425 Acres (Phase II)

Present Land Use: Wildlife, agricultural and mining

Postmining Land Use: Native rangeland, wildlife, grazing

Variances from Reclamation Standards (Rule R613) Granted: R647-4-109.8 Roads and Pads and R647-4-109.12 Soils

Soils and Geology:

Soil Description: Clay loam (surface soil, 0-12 inches), Clay to a clay loam (subsurface soil, 12-60 inches)

pH: 6.2 (average of surface soil), 7.6 (average subsurface soil)

Special Handling Problems: Low erosion hazard, relatively flat topography.

Geology Description: East flank, northern Oquirrh Mountains Grinding Plant underlain by Harkers Alluvium (Pleistocene), Harkers is overlain by Mid-late Pleistocene Lake Bonneville lacustrine deposits and by Late Pleistocene to recent alluvial fan deposits, stream gravels, valley fill and talus deposits, all are underlain by bedrock consisting of laharic breccia Bingham Sequence: Curry Peak, Freeman Peak, Kirkman-Diamond Formations)

Hydrology:

Ground Water Description: Principle aquifer occurs @350-500 feet below surface of overall project area. Local perched aquifers encountered in 1 of 56 bore holes @35 feet. Anticipated minor amounts perched groundwater aquifers may be encountered excavating in Harkers Alluvium near bedrock contact and in recent alluvium of major drainages crossing the tailings pipeline corridor.

Surface Water Description: The tailings pipeline corridor will cross approximately 50 drainage channels including: Barney's Canyon, Harkers Canyon, Coon Canyon and Little Valley Wash (principal drainages). Retention ponds proposed to handle surface runoff from the new grinding plant/concentrator area.

Water Monitoring Plan: A groundwater monitoring plan has been approved by the Division of Environmental Health to monitor potential impacts to the groundwater regime in the project area. DOGM concurs with the proposed monitoring program.

Ecology:

Vegetation Type(s); Dominant Species: Abandoned dryland farming, sagebrush, oak brush, various grasses and forbs (lower elevations), mountain brush and some pinion-juniper (higher elevations).

Percent Surrounding Vegetative Cover: 35% lower elevations and 50% higher elevations.

Wildlife Concerns: Kennecott is working with Division Wildlife Resources and DOGM in developing a series of pipeline corridor crossings for migrating wildlife species.

Surface Facilities: Phase I & II facilities include: (1) in-pit movable gyratory ore crusher, 54" in-pit ore conveyor (@3300 ft.), (1)-72" main ore conveyor (@4.9 mi.), ore grinding/milling plant, a 7.5 million gallon process water reservoir, (3) storm H2O retention ponds, miscellaneous structures (lime plant, electrical substation, maintenance shop, warehouse,

Page 3
Executive Summary
Kennecott Utah Copper
M/035/011

change house and office buildings), (1)-48" flotation feed (tailings) pipeline and (1)-48" process water return pipeline (twin pipeline length @12.5 Mi.), (1) Principle grinding plant access road and (2) construction/service roads for the ore conveyor and tailings pipeline.

Mining and Reclamation Plan Summary:(see attachments)

Surety:

Amount: \$8,980,000 (1998 dollars)

Form: Surety Bond

Renewable Term: 5 year

ATTACHMENT

Mining and Reclamation Plan Summary UCD Modernization Project - Phase II

Kennecott Minerals Company, Utah Copper Division
Bingham Canyon Operations
ACT/035/002 - (II)
Salt Lake County, Utah

July 16, 1986

During Operations:

1. Construction activities associated with "Phase II" permitting will affect approximately 588 additional disturbed acres of privately owned land. Of this total, 163 acres were previously approved under "Phase I" (i.e., plant site grading and access road construction). The grinding plant site encompasses 115 acres. The access road right-of-way to the plant location involves 48 acres.
2. "Phase II" permitting includes: construction of the new grinding/milling plant facilities, a new in-pit crusher and 54" conveyor, a 72" crushed ore conveyor to the new grinding plant from the pit, a ground ore (flotation feed) pipeline for transport to existing Arthur and Magna flotation facilities, and a second pipeline to recycle process water back to the grinding plant.
3. The conveyor and pipeline corridors will each be 200 feet wide. The 72" ore conveyor corridor is 6,350 feet in length and will involve 30 acres of new surface disturbance. The pipeline corridor, including areas of common pipeline corridor and single pipeline corridor is 86,000 feet in length and will disturb approximately 395 acres. A construction and maintenance road will parallel the conveyor and pipeline corridors.
4. Prior to the removal of cut or the placement of fill along the conveyor and pipeline routes, the upper horizon soil will be removed from all areas to be disturbed. The soil will be stored in stockpiles along the corridors. Erosion control measures will be implemented to minimize topsoil losses. The soil will be stored from one (1) to three (3) years. Upon completion of construction, stored soil will be placed on the remaining exposed ground, fertilized and reseeded during the fall season.

Following Operations:

1. Kennecott will implement the following reclamation plan upon termination of all mining activities associated with the UCD Modernization Project:

- (i) Salvageable equipment will be dismantled and sold, surface structures will be razed, foundations, parking and driving surfaces will be broken up, removed and/or buried. The disturbed areas will be stabilized and regraded to conform with the surrounding natural terrain.
- (ii) Kennecott will not store first horizon soil for final reclamation use. Instead, Kennecott, with assistance from the State Division of Oil, Gas and Mining will establish a test plot revegetation program to determine best techniques for supplementing and reclaiming the second horizon soil material.
- (iii) Standard agronomic practices will be used to prepare the seedbed for drill and/or broadcast seeding. It is anticipated that the disturbed areas will be reclaimed principally with native vegetative species.

8992R-42

ATTACHMENT

Mining and Reclamation Plan Summary
Permit Amendment to UCD Modernization Project
Relocation of Flotation and Molybdenum Recovery Facilities
Kennecott, Utah Copper Division
ACT/035/002-II(87A)
Salt Lake County, Utah

April 21, 1987

During Operations:

Kennecott has evaluated several alternatives for modernization of the Utah Copper Division (UCD) flotation and recovery facilities to improve productivity and reduce operating costs. The selected alternative is to construct new flotation and molybdenum recovery units at the Copperton grinding/concentrator plant site. These new facilities will replace corresponding sections of the existing Magna and Arthur flotation and molybdenum recovery plants.

The proposed flotation and molybdenum recovery facilities will be located at the Copperton grinding/concentrator plant, approximately one mile north of the town of Copperton in the southwest section of Salt Lake County. The site is approximately 25 miles southwest of Salt Lake City and is near Kennecott's Bingham Canyon Mine (see Figure 1).

Changes to previously approved facilities and additional facilities to be constructed at the Copperton site within the approved permit area include:

1. A new flotation circuit will be constructed consisting of approximately 63 flotation cells to separate the copper and by-product minerals from the non-value material.
2. A new molybdenum recovery plant will be constructed to separate and concentrate the molybdenite from the copper-molybdenum concentrate.
3. Copper concentrate slurry will be pumped from the Copperton plant to the existing Utah smelter through a new five inch steel pipeline. Most of this pipeline will be buried along the same corridor as the ore slurry pipeline and the return water pipeline. A passive cathodic protection system will be provided for corrosion protection.

4. The 48-inch ore slurry pipeline now under construction, will be utilized without modification to transport final flotation tailings by gravity to the existing tailings pond near Magna.
5. The previously approved Zone III retention pond will have adequate capacity to contain any spillage or emergency discharges from the grinding, flotation and molybdenum circuits that may occur due to unexpected shutdown in addition to the storm runoff volume generated from a 10 year-24 hour precipitation event.

Following Operations:

Upon termination of mining activities associated with this project amendment, the operator will implement the reclamation plan as outlined in the approved permit application (dated September 23, 1986) for the entire UCD Modernization Project.

Variance Granted:

None requested, or warranted for this permit amendment.

Remaining Conditions:

The operator has adequately addressed all of the conditions as outlined in the Division's January 12, 1987 tentative approval letter. No conditions remain to be resolved for this amendment request.

SURETY ESTIMATE UPDATE

Kennecott Utah Copper
UCD Modernization Project

M/035/002 Salt Lake County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

12/01/92

DESCRIPTION:

- Surety estimate for Phase I & II was \$5,982,948 in 1986-\$
- Surety estimate for Flotation/Molybdenum facilities was \$1,643,000 in 1986-\$
- Combining these surety amounts gives a total of \$7,625,948 in 1986-\$
- ASSUMED the replacement surety would be posted & approved in 1993
- Escalate the 1986-\$ total to 1993-\$ using the escalation factors shown
- Project this figure five years forward into 1998-\$
- Escalation factors through 1991 are actual Means Historical Cost Indices
- Total disturbed area = 588 ACRES

CALCULATIONS

| | YR | ESCAL FACTOR | BOND AMOUNT |
|--------------------------|------|-----------------|----------------|
| $F = P(1 + i)^{**n}$ | 1985 | 0.0290 | \$0 |
| | 1986 | 0.0210 | \$7,625,948 |
| F = Future Sum | 1987 | 0.0195 | \$7,774,654 |
| P = Present Sum | 1988 | 0.0181 | \$7,915,375 |
| i = Escalation Factor | 1989 | 0.0177 | \$8,055,477 |
| n = number of periods | 1990 | 0.0077 | \$8,117,505 |
| | 1991 | 0.0127 | \$8,220,597 |
| | 1992 | 0.0127 | \$8,324,998 |
| Three Yr Average = 1.27% | 1993 | 0.0127 | \$8,430,726 |
| Used to Project 5 Yrs | 1994 | 0.0127 | \$8,537,796 |
| Into the Future | 1995 | 0.0127 | \$8,646,226 |
| From the Year 1992 | 1996 | 0.0127 | \$8,756,033 |
| | 1997 | 0.0127 | \$8,867,235 |
| | 1998 | 0.0127 | \$8,979,849 |

Updated Surety Amount Rounded (1998 \$)

\$8,980,000

** Average cost per acre =

15,272 (\$/ACRE)

File Number M/035/011

Effective Date 1/29/93

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

COPY
this RC retrad 1-26-96
Replaced 1-24-96
original surety & Rider
also retrad 1-26-96

RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/035/011
(Mineral Mined) Copper/Molybdenum

"MINE LOCATION":
(Name of Mine) Bingham Canyon Mine
(Description) UCD Modernization Project - Phase II,
Grinding/Milling Plant, Ore Conveyor
and Pipeline Construction Activities

"DISTURBED AREA":
(Disturbed Acres) 588
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Kennecott Utah Copper Corporation
(Address) P. O. Box 525
Bingham Canyon, UT 84006-0525
(Phone) (801)-569-6000

"OPERATOR'S REGISTERED AGENT":

(Name)

Roderick K. Davey

Vice President, General Manager

Kennecott Utah Copper

(Address)

P. O. Box 525

Bingham Canyon, UT 84006-0525

(Phone)

(801)-569-6000

"OPERATOR'S OFFICER(S)":

Same

"SURETY":

(Form of Surety - Exhibit B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Safeco Insurance Company of America

Bond No. _____

"SURETY AMOUNT":

(Escalated Dollars)

\$8,980,000

"ESCALATION YEAR":

1998 Dollars

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

1/27/93 _____

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Kennecott Utah Copper Corporation**, the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **M/035/011**, which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

RECEIVED

JAN 12 1993

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Exhibit B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.

6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.
7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies

resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

R. K. Davey

Operator (Typed or Printed)

RKD
Operator Signature

Date

9/8/92

SO AGREED this 27th day of January, 19 93.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY

James W. Carter
James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

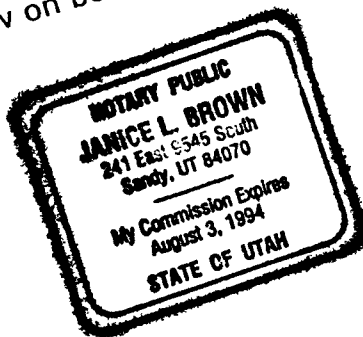
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Acting Director

1/29/93
Date

STATE OF Utah
COUNTY OF Salt Lake ss:

On the 29th day of JANUARY, 19 93, personally
appeared before me, who being duly sworn did say that he/she, the said
LOWELL P. BRAXTON is the Acting Director of the
Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah,
and he/she duly acknowledge to me that he/she executed the foregoing document
by authority of law on behalf of the State of Utah.



Janice L. Brown
Notary Public
Residing at: Sandy, Utah

August 3, 1994
My Commission Expires:

OPERATOR:

Kennecott Utah Copper Corporation

Operator Name

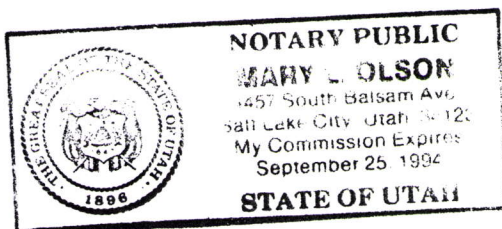
By R. K. Davey, Vice President
Corporate Officer - Position

9/8/92
Date

RK. D.
Signature

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 8 day of September, 19 92, personally
appeared before me Roderick K. Davey who
being by me duly sworn did say that he/she, the said R. K. Davey
is the Vice President of Kennecott Utah Copper Corporation
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
R.K. Davey duly acknowledged to me that said
company executed the same.



Mary L Olson
Notary Public
Residing at: Salt Lake County

September 25/1994
My Commission Expires:



POWER
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. 8001

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

-----INGRID NYE-----

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 29th day of June, 1987

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Boh A. Dickey, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 18th day of August, 1992



SURETY RIDER

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY
OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

To be attached to and form a part of

Bond No.

Type of

Bond: RECLAMATION BOND FOR BINGHAM CANYON MINE

dated
effective January 27, 1993
(MONTH-DAY-YEAR)

executed by KENNECOTT UTAH COPPER CORPORATION
(PRINCIPAL)

,as Principal.

and by SAFECO INSURANCE COMPANY OF AMERICA

,as Surety,

in favor of STATE OF UTAH, DIVISION OF OIL, GAS AND MINING
(OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

BOND AMOUNT

FROM: \$8,263,990

TO: \$8,980,000

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider
is effective January 27, 1993
(MONTH-DAY-YEAR)

Signed and Sealed January 13, 1993 at Salt Lake City, Utah
(MONTH-DAY-YEAR)

(PRINCIPAL)

By: *[Signature]*
(PRINCIPAL) R. B. KENNEDY

[Signature]
T. A. STEVENSON

SAFECO INSURANCE COMPANY OF AMERICA
Assistant Controller

Vice President Control & Treasury

By: *[Signature]*
(ATTORNEY-IN-FACT)

RECEIVED

JAN 20 1993

Kennecott
Utah Copper
P.O. Box 525
Bingham Canyon, Utah 84006-0525
(801) 569-6506

Frederick D. Fox
Director, Environmental Affairs

January 20, 1993

Kennecott

Mr. Wayne Hedberg, Permit Supervisor
State of Utah Department of Natural Resources
Division of Oil, Gas, and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

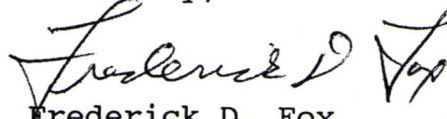
Subject: Transmittal of Original Rider to SAFECO Bond No. [REDACTED]
Bingham Canyon Mine, UCD Modernization, M/035/011

Dear Mr. Hedberg:

Attached is the original rider to Reclamation Bond No. [REDACTED] for the Bingham Canyon Mine, UCD Modernization Project, Division of Oil, Gas, and Mining (DOGM) file No. M/035/011. As agreed the effective date shown on the rider corresponds to the regular meeting date of the DOGM Board scheduled for the 27th of January 1993. Please return the Aetna bond that is being replaced by the Safeco bond and rider to Kennecott as soon as the new bond and rider is approved.

Please call me at 569-6555 if you have any question.

Sincerely,



Frederick D. Fox
Director, Environmental Affairs

RECEIVED

JAN 20 1993

DIVISION OF
OIL GAS & MINING

Received By
Date

D. Wayne Hedberg
1/20/93

DD:dmd

Attachments

cc: Ms Joelle Burns, Minerals Secretary, DOGM w/att.